

Opportunity Council

Consolidated Financial Statements and
Supplementary Information with
Independent Auditors' Report

Year Ended December 31, 2020
(with Summarized Comparative Totals
for Year Ended December 31, 2019)



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Opportunity Council

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Opportunity Council
Bellingham, Washington

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Opportunity Council (a Washington nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Opportunity Council as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Opportunity Council's 2019 financial statements, and our report dated August 18, 2020 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of state awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of state awards and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021, on our consideration of Opportunity Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Opportunity Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Opportunity Council's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Bellevue, Washington
May 25, 2021

Opportunity Council
Consolidated Statement of Financial Position
December 31, 2020
(with Comparative Totals for December 31, 2019)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents - unrestricted	\$ 3,299,220	\$ 2,171,287
Due from granting agencies	3,964,639	3,385,973
Other current receivables	1,067,695	1,449,602
Other current assets	337,318	165,656
Total current assets	8,668,872	7,172,518
Property and equipment, net	10,193,667	9,087,464
Other assets		
Reserved funds		
Board-designated reserves	409,508	359,508
Contractually obligated property reserves	210,247	184,099
Capital Improvement Fund	-	188,389
Total reserved funds	619,755	731,996
Funds held for others	332,343	377,279
Funds held for others in escrow	2,630,828	-
Home loan receivable	2,548,424	2,681,364
Other long-term receivables	1,564,266	1,541,149
Total other assets	7,695,616	5,331,788
Total assets	\$ 26,558,155	\$ 21,591,770
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,161,046	\$ 1,809,155
Accrued liabilities	2,113,603	1,985,379
Revolving loans payable	95,412	89,074
Deferred revenue	2,913,091	94,788
Due to affiliate	166,972	-
Current portion of notes payable	128,589	89,481
Total current liabilities	6,578,713	4,067,877
Long-term liabilities		
Tenant deposits	143,812	130,820
Due to funding agencies	2,548,424	2,681,364
Notes payable, net of current portion and unamortized debt issuance costs	5,567,145	5,336,566
Total long-term liabilities	8,259,381	8,148,750
Net assets		
Without donor restrictions		
Net investment in property and equipment	4,497,234	3,661,417
Undesignated	2,069,701	1,138,348
Board-designated	409,508	359,508
Total without donor restrictions	6,976,443	5,159,273
With donor restrictions	4,743,618	4,215,870
Total net assets	11,720,061	9,375,143
Total liabilities and net assets	\$ 26,558,155	\$ 21,591,770

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Activities
Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	2020			2019 Total
	Without Donor Restriction	With Donor Restriction	Total	
Revenue, gains, and public support				
Grants from government agencies	\$ 28,648,929	\$ 661,762	\$ 29,310,691	\$ 24,219,405
Grants from private organizations	2,926,049	1,350	2,927,399	4,290,676
Fee-for-service contracts	5,417,761	-	5,417,761	5,811,998
Contributions	2,747,121	619,310	3,366,431	1,063,889
In-kind	221,485	-	221,485	162,382
Investment income	23,588	-	23,588	25,327
Satisfaction of donor restrictions	754,674	(754,674)	-	-
Total revenues, gains, and public support	<u>40,739,607</u>	<u>527,748</u>	<u>41,267,355</u>	<u>35,573,677</u>
Expenses				
Program services	33,734,194	-	33,734,194	30,800,867
Management and general	3,567,970	-	3,567,970	3,122,720
Other supporting services	1,563,841	-	1,563,841	1,261,198
Fundraising	56,432	-	56,432	-
Total expenses	<u>38,922,437</u>	<u>-</u>	<u>38,922,437</u>	<u>35,184,785</u>
Change in net assets	1,817,170	527,748	2,344,918	388,892
Net assets - beginning of year	<u>5,159,273</u>	<u>4,215,870</u>	<u>9,375,143</u>	<u>8,986,251</u>
Net assets - end of year	<u>\$ 6,976,443</u>	<u>\$ 4,743,618</u>	<u>\$ 11,720,061</u>	<u>\$ 9,375,143</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

Expenses	2020							Total Program Services
	Early Learning and Family Services	Weatherization and Home Repair Services	Energy Policy	Housing Services	Housing Enterprise	Community Services	Energy Assistance	
Salaries and wages	\$ 5,449,772	\$ 534,841	\$ 100,404	\$ 2,714,810	\$ 669,417	\$ 879,881	\$ 560,717	\$ 10,909,842
Payroll taxes and benefits	1,746,724	179,805	30,791	874,493	230,275	263,228	178,144	3,503,460
Total payroll expenses	<u>7,196,496</u>	<u>714,646</u>	<u>131,195</u>	<u>3,589,303</u>	<u>899,692</u>	<u>1,143,109</u>	<u>738,861</u>	<u>14,413,302</u>
Specific assistance	598,535	74,423	-	7,629,185	124,947	63,266	3,919,036	12,409,392
Professional and contract services	2,029,625	871,652	208,863	321,523	327,918	103,880	118,698	3,982,159
Occupancy	165,556	-	518	547,547	7,043	7,389	3,556	731,609
Pass-through grants	-	-	-	438,114	135,841	35,100	-	609,055
Supplies	174,039	9,644	219	102,522	39,552	26,700	21,870	374,546
Depreciation	5,732	-	-	10,774	2,277	-	-	18,783
Minor equipment	84,133	19,635	3	21,134	45,381	6,432	17,017	193,735
Other	54,470	15,575	998	9,549	81,067	7,344	478	169,481
Repairs and maintenance	6,129	-	-	88,330	169	-	-	94,628
Communications	76,032	5,890	1,505	32,447	7,628	10,402	15,232	149,136
Travel and vehicle expense	109,060	3,931	3,127	6,251	1,554	5,872	2,794	132,589
In-kind	221,485	-	-	-	-	-	-	221,485
Interest	-	-	-	20,744	-	-	-	20,744
Insurance	6,649	3,463	-	27,142	1,240	171	-	38,665
Training	37,710	9,680	-	10,602	14,706	2,257	1,604	76,559
Printing and copying	17,752	2,580	-	2,086	522	1,700	11,367	36,007
Postage	5,009	1,849	-	2,084	1,110	2,809	16,515	29,376
Business taxes	1,131	-	-	6,187	8,932	-	-	16,250
Advertising	3,950	-	-	300	565	11,535	343	16,693
Total expenses	<u>\$ 10,793,493</u>	<u>\$ 1,732,968</u>	<u>\$ 346,428</u>	<u>\$ 12,865,824</u>	<u>\$ 1,700,144</u>	<u>\$ 1,427,966</u>	<u>\$ 4,867,371</u>	<u>\$ 33,734,194</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	2020				2019 Total
	Administration	Other Supporting Services	Fundraising	Total	
Expenses	\$ 2,152,136	\$ 160,224	\$ 37,551	\$ 13,259,753	\$ 11,777,826
	680,830	50,855	11,902	4,247,047	3,477,623
Salaries and wages	2,832,966	211,079	49,453	17,506,800	15,255,449
Payroll taxes and benefits	21,808	-	-	12,431,200	7,017,194
Total payroll expenses	290,710	27,886	2,000	4,302,755	8,742,318
Specific assistance	24,336	299,755	-	1,055,700	880,578
Professional and contract services	-	-	-	609,055	475,346
Occupancy	42,118	184,292	1,520	602,476	643,038
Pass-through grants	33,081	374,167	-	426,031	365,082
Supplies	57,295	63,462	2,608	317,100	165,282
Depreciation	68,527	31,598	117	269,723	194,173
Minor equipment	12,773	160,205	-	267,606	171,692
Other	28,663	47,222	375	225,396	188,660
Repairs and maintenance	57,583	1,367	60	191,599	440,774
Communications	-	-	-	221,485	162,382
Travel and vehicle expense	-	123,605	-	144,349	133,846
In-kind	61,406	23,998	-	124,069	109,037
Interest	12,160	-	-	88,719	127,880
Insurance	14,463	-	299	50,769	51,657
Training	8,006	-	-	37,382	23,810
Printing and copying	-	15,180	-	31,430	26,723
Postage	2,075	25	-	18,793	9,864
Business taxes					
Advertising					
Total expenses	\$ 3,567,970	\$ 1,563,841	\$ 56,432	\$ 38,922,437	\$ 35,184,785

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Cash Flows
Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 2,344,918	\$ 388,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	426,031	365,082
Donated securities	-	(11,727)
Amortization of debt issuance costs	1,611	1,610
(Gain) loss on disposition of property and equipment	6,502	(1,801)
(Increase) decrease in current assets:		
Due from granting agencies	(578,666)	(612,456)
Other current receivables	381,907	474,912
Other current assets	(171,662)	40,445
Increase (decrease) in current liabilities:		
Accounts payable	(648,109)	1,052,385
Accrued liabilities	128,224	139,558
Deferred revenue	2,818,303	(23,495)
Due to affiliate	166,972	-
	<u>4,876,031</u>	<u>1,813,405</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(1,538,736)	(2,414,933)
Proceeds from sale of property and equipment	-	8,603
Funds held for others in escrow	(2,630,828)	-
Proceeds from sale of securities	-	11,727
Interest earned on other long-term receivables	(23,117)	(22,776)
Increase in tenant deposits	12,992	39,233
	<u>(4,179,689)</u>	<u>(2,378,146)</u>
Net cash used by investing activities		
Cash flows from financing activities		
Increase (decrease) in revolving loans payable	6,338	(13,406)
Proceeds from notes payable	369,009	1,586,726
Payments on notes payable	(100,933)	(87,033)
	<u>274,414</u>	<u>1,486,287</u>
Net cash provided by financing activities		
Net increase in cash and cash equivalents	970,756	921,546
Cash and cash equivalents - beginning of year	<u>3,280,562</u>	<u>2,359,016</u>
Cash and cash equivalents - end of year	<u>\$ 4,251,318</u>	<u>\$ 3,280,562</u>

See accompanying notes to consolidated financial statements.

Opportunity Council
Consolidated Statement of Cash Flows (Continued)
Year Ended December 31, 2020
(with Comparative Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
Summary of cash and cash equivalents		
Cash and cash equivalents - unrestricted	\$ 3,299,220	\$ 2,171,287
Reserved funds		
Board-designated reserves	409,508	359,508
Contractually obligated property reserves	210,247	184,099
Capital Improvement Fund	-	188,389
Funds held for others	<u>332,343</u>	<u>377,279</u>
Total cash and cash equivalents	<u>\$ 4,251,318</u>	<u>\$ 3,280,562</u>
 Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 143,110</u>	<u>\$ 133,846</u>
 Change in home loan receivables and amounts due to funding agencies	<u>\$ 132,940</u>	<u>\$ 7,104</u>

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 1 – Summary of Significant Accounting Policies

Organization and purpose: Opportunity Council (the Council) is a nonprofit corporation incorporated in the state of Washington on November 5, 1965. Opportunity Council functions as a Community Action Agency in accordance with the Economic Opportunity Act of 1964 and the Community Services Act of 1974. Principal operations of the Council consist of administration of government and community-funded programs directed toward economic betterment of low income, minority, and disadvantaged persons. The Council’s major program activities include early learning and family services, community services and referrals, weatherization and home repair services, and housing and energy assistance. As the community action agency serving Whatcom, San Juan, and Island counties of Washington State, the Council primarily provides services and programs in these three counties. The Council also has contracts to deliver specific programming in Skagit and Snohomish counties and provides specialized services throughout Washington as well as in other states in the Pacific Northwest.

The Council has formed a number of separate state limited liability corporations (LLCs) for the purpose of providing certain management and other services to separate entities in which the LLCs are either a noncontrolling member or general partner. The sole member of these LLCs is Opportunity Council, therefore, they are consolidated with Opportunity Council (collectively, the Council) in these financial statements. All interagency accounts and transactions have been eliminated. All active LLCs are outlined in the list below:

<u>Name</u>	<u>Year of Formation</u>
CreateHousing, LLC	2006
22 North Manager LLC	2016
Friday Harbor Housing I LLC	2017
Opportunity Housing Ferndale, LLC	2018
OC Housing Partners I, LLC	2018
CreateHousing Riverview LLC	2019
CreateHousing Ravenswood, LLC	2019
CreateHousing Vantage II, LLC	2019
CreateHousing Holly Ridge, LLC	2020
CreateHousing Manor Way, LLC	2020
CreateHousing Four Corners, LLC	2020
OCHP Northridge, LLC	2020
OCHP Springtree, LLC	2020
OCHP Blackbird, LLC	2021
OCHP Sunshine Park, LLC	2021
OCHP Meeker, LLC	2021
OCHP Logan Park, LLC	2021
OCHP Solera, LLC	2021
OCHP Covey Run, LLC	2021
OCHP East Park MT, LLC	2021

Basis of accounting: The Council prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Basis of presentation: Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Council and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and over which the Board of Directors has discretionary control.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Council or the passage of time totaled \$4,394,988 and \$3,867,240 as of December 31, 2020 and 2019, respectively. Net assets subject to donor-imposed restrictions that stipulate they be maintained in perpetuity but permit the Council to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes totaled \$348,630 as of December 31, 2020 and 2019, in the form of land that must be used for a specific purpose.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions that are restricted by donors are reported as increases in net assets without donor restriction if the restrictions expire in the reporting period in which the contributions are recognized.

The Council reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Use of estimates: The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Council considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Due from granting agencies and other current receivables: Amounts due from granting agencies and other receivables are recorded at their net realizable value. Net realizable value is equal to the gross amount of receivables less an estimated allowance for doubtful accounts. Management of the Council bases its estimate of doubtful accounts on several factors. These factors include the Council’s prior experience collecting receivables, the aging of the receivables at year-end, and management’s appraisal of current economic conditions. Based on the above factors, management considers all receivables to be fully collectible, therefore, has not made any allowance for uncollectibility.

Receivables are considered past due if not collected within 90 days. The Council does not charge interest on past due receivables.

Property and equipment: Property and equipment are recorded at cost or, if acquired as a donation, at the estimated fair value at the date donated. Depreciation is computed utilizing the straight-line method and the following estimated economic useful lives:

Buildings	5 to 50 Years
Equipment and furnishings	5 Years
Vehicles	5 Years
Leasehold improvements	Shorter of remaining useful life, or lease term

The Council capitalizes new assets and expenditures that add to productive capacity or extend the productive life of an asset costing \$5,000 or more. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation amounts are removed from the accounts, and any gain or loss is included in net change in net assets.

Funds held for others: Funds held for others consist of restricted cash representing tenant deposits held in separate accounts in accordance with the related lease agreements, cash on hand from the revolving home loan programs to be re-loaned to low-income homeowners, and cash held in agency for Foothills Food Bank.

	2020	2019
Funds held for:		
Tenant deposits	\$ 143,812	\$ 130,820
Revolving loans payable	95,412	89,074
Foothills Food Bank	93,119	157,385
Total funds held for others	\$ 332,343	\$ 377,279

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Home loans receivable and due to funding agencies: As discussed further in Note 5, the Council records loans to homeowners and offsetting liabilities to funding agencies at the face amount of the loans.

Deferred revenue: Deferred revenue is recognized for program (grant) advances received by the Council that are in excess of eligible grant expenditures. Such amounts are restricted funds and as such can only be maintained and used in accordance with the respective grant contracts.

Grants from government agencies and private organizations: A substantial portion of the Council's revenue is derived from governmental and private grant awards that are intended to support specific programs or projects. Grants from governmental sources represented approximately 71% and 68% of total revenue and support for the years ended December 31, 2020 and 2019, respectively. Grants from private sources represented approximately 7% and 12% of total revenue and support for the years ended December 31, 2020 and 2019, respectively. The Council recognizes grant revenue as eligible expenditures are incurred in accordance with applicable grant or contract provisions. Cash received in excess of grant expenditures is accounted for as deferred revenue, and expenses incurred which are not yet reimbursed are accounted for as due from granting agencies on the consolidated statement of financial position. Amounts remaining under conditional grants totaled approximately \$27,944,000 at December 31, 2020.

Fee-for-service contracts: Revenue from fee-for-service contracts is recognized at either (a) the point in time when services are provided or (a) the fee value can be reasonably determined. The amount of revenue recognized is determined based on the fees mutually agreed upon within the fee-for-service contract. Services provided are specific to the program or project to which the contract relates. For fixed-fee contracts, revenue is typically billed monthly and recorded in the month in which services are rendered.

Contributions: The Council recognizes donor contributions upon the earlier of receipt or when unconditionally promised. Contributions received are recorded as donor-restricted support depending on the existence and/or nature of donor restrictions.

Donated goods and services: Donation of supplies, equipment, and other goods are recorded at fair value on the date of receipt. Donated services are recognized if services received (a) create or enhance nonfinancial assets or (b) require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not donated.

Federal income tax and uncertain tax positions: The Council is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Therefore, the Council is exempt from federal income tax. The Council files income tax returns in the U.S. federal jurisdiction. As of December 31, 2020, tax returns for the prior three fiscal years remain subject to examination by major tax jurisdictions.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 1 – Summary of Significant Accounting Policies – (Continued)

Allocation of functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying consolidated statement of activities and consolidated statement of functional expenses. Accordingly, certain costs are allocated between programs, other supporting services, administration, and fundraising based on the relative benefits received.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated based on time and effort include certain occupancy, depreciation, repairs and maintenance, and communication costs.

Other supporting services: Other supporting services in the consolidated statement of functional expenses include expenses incurred in connection with the commercial activities of the Council and third-party contract administration.

Comparative financial information: The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Reclassifications: Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. Those reclassifications had no significant effect on net assets or changes in net assets.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 2 – Liquidity and Availability

Financial assets available for general expenditures consist of the following within one year of December 31:

	2020	2019
Financial assets at year end:		
Cash	\$ 4,251,318	\$ 3,280,562
Due from granting agencies	3,964,639	3,385,973
Other current receivables	1,067,695	1,449,602
Total financial assets	9,283,652	8,116,137
Less amounts not available to be used within one year:		
Reserved funds	(619,755)	(731,996)
Fund held for others	(332,343)	(377,279)
Net assets with donor restrictions	(1,475,158)	(1,519,987)
Financial assets not available to be used within one year	(2,427,256)	(2,629,262)
Financial assets available to meet general expenditures within one year	\$ 6,856,396	\$ 5,486,875

The Council has certain contractual restrictions or internal board designations in which use of cash has been restricted as well as certain donor-restricted assets limited to use (further discussed in Note 4), which are not available for general expenditure within one year in the normal course of operations. Board-designated funds totaled \$409,508 and \$359,508 as of December 31, 2020 and 2019, respectively, and can be made available to meet short-term operating cash needs, if necessary.

The Council strives to maintain liquid financial assets sufficient to cover all general expenditures as they come due. During the years ended December 31, 2020 and 2019, the Council was able to meet its cash needs without utilizing designated reserves. Financial assets in excess of daily cash requirements are held in readily liquid short-term investments through bank sweep accounts, savings, money market accounts, and other short-term investments.

Opportunity Council
Notes to Consolidated Financial Statements
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(with Comparative Totals for December 31, 2019)

Note 3 – Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 2,249,891	\$ 2,249,891
Land improvements	32,085	32,085
Buildings	8,813,770	8,800,050
Vehicles	1,216,625	1,161,880
Equipment and furnishings	1,095,980	1,067,384
Leasehold improvements	462,038	172,468
Construction in process	1,278,822	171,625
Total	<u>15,149,211</u>	<u>13,655,383</u>
Less: Accumulated depreciation	<u>(4,955,544)</u>	<u>(4,567,919)</u>
Total property and equipment	<u>\$ 10,193,667</u>	<u>\$ 9,087,464</u>

Depreciation expense totaled \$426,031 and \$365,082 for the years ended December 31, 2020 and 2019, respectively.

Note 4 – Reserved Funds

Reserved funds held consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Board-designated reserves		
Property reserves		
Dorothy Place future funds	\$ 6,403	\$ 6,403
Other	3,105	3,105
Total board-designated property reserves	<u>9,508</u>	<u>9,508</u>
Operating reserves	<u>400,000</u>	<u>350,000</u>
Total board-designated reserves	<u>\$ 409,508</u>	<u>\$ 359,508</u>
Contractually obligated property reserves		
Harbor View reserves	\$ 135,757	\$ 99,913
Dorothy Place capital reserves	13,468	30,664
Cornwall capital reserves	30,192	22,692
G Street reserves	15,524	15,524
Evergreen House reserves	15,306	15,306
Total contractually obligated property reserves	<u>210,247</u>	<u>184,099</u>
Capital Improvement Fund	<u>-</u>	<u>188,389</u>
Total reserved funds	<u>\$ 619,755</u>	<u>\$ 731,996</u>

Opportunity Council
Notes to Consolidated Financial Statements
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Note 5 – Home Loans Receivable and Due to Funding Agencies

The Council periodically receives proceeds under certain agreements with the State and other agencies that require repayment in a future period. The proceeds are then used primarily to make zero interest home rehabilitation loans to low-income homeowners. These transactions are presented as loans receivable and associated liabilities to the funding agencies in the accompanying consolidated statement of financial position. New loans issued totaled \$65,951 and \$202,741 as of December 31, 2020 and 2019, respectively, and repayments on existing loans totaled \$52,629 and \$94,273 in as of December 31, 2020 and 2019, respectively.

The loans are secured by deeds of trust on the homeowners' residences. The loans require repayment when the subject property is sold or when the use is changed from single-family residential use. Certain loans are forgiven if certain criteria are met by the eligible participants, under varying terms up to 28 years. Loans totaling \$142,763 and \$172,597 were forgiven during the years ended December 31, 2020 and 2019, respectively. Since the loans are secured, management has not established an allowance for uncollectible accounts. As the loans are collected, the underlying agreements with the funding agency require the proceeds to be re-loaned for other eligible projects or returned to the funding agencies. The Council charges an administrative fee on certain loans in the revolving loan fund.

Total loans outstanding and related payables to funding agencies are as follows at December 31:

	<u>2020</u>	<u>2019</u>
State of Washington:		
Home Program 1994	\$ 7,183	\$ 7,183
Home Program 1995	60,485	60,485
Home Program 1996	31,542	31,542
Home Program 1997	31,482	31,482
Home Program 1998	57,710	57,710
Home Program 1999	138,680	163,649
Home Program 2000	77,883	77,883
Home Program 2001	138,336	138,336
Home Program 2002	133,614	133,614
Home Program 2003	78,045	78,045
Home Program 2006	131,966	131,966
Home Program 2007	185,454	185,454
Home Program 2008	35,603	35,603
Home Ownership Retention Program	166,138	166,138
Mobile Home Replacement Program	87,960	89,756
Matchmaker	24,093	24,093
Housing Trust Fund 1997	63,767	63,767
Housing Trust Fund 1999	52,950	59,726
Housing Trust Fund Revolving Fund	185,523	211,270
Rural Housing Assistance Program	36,223	43,480
Subtotal	<u>1,724,637</u>	<u>1,791,182</u>
Whatcom County	700,327	653,972
City of Bellingham	123,460	236,210
Total	<u>\$ 2,548,424</u>	<u>\$ 2,681,364</u>

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 5 – Home Loans Receivable and Due to Funding Agencies – (Continued)

In addition, there are \$95,412 and \$89,074 of funds on hand for redistribution at December 31, 2020 and 2019, respectively, presented as a revolving loan payable and reserved for as funds held for others in the consolidated statement of financial position.

Note 6 – Notes Payable

Notes payable consists of the following as of December 31:

	2020	2019
Real estate loans		
Mortgage payable to bank in monthly installments of \$14,629, including interest at 4.25%, maturing July 2028, secured by land and building located at 1111 Cornwall Avenue.	\$ 2,541,095	\$ 2,606,519
Mortgage payable to bank in monthly installments of \$1,625, including interest at 4.25%, maturing July 2028, secured by land and building located at 1421 Cornwall Avenue.	282,344	289,613
Harbor View Apartments		
Three notes originating from the acquisition of Harbor View Apartments.		
USDA loan, 3.5% stated interest rate, 50-year amortization schedule, final payment due June 2049.	1,262,537	1,284,322
Housing Trust Fund loan, 1% stated interest rate with interest accrual beginning January 1, 2020; principal and interest due annually on 50-year amortization schedule beginning March 2021, due in full March 2050, total authorized loan amount of \$1,100,000.	411,324	42,316
ORFH loan, 3.5% stated interest rate, 30-year amortization schedule, final payment due June 2049.	244,278	248,142
Dorothy Place Apartments		
Two notes originating from federal funds and payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, Due in full upon sale, change of use, or on February 1, 2047.	579,226	579,226
Note payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, due in full upon sale, change of use, or on February 1, 2047.	100,000	100,000
Note originating from federal funds, payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, Due in full upon sale, change of use, or on February 1, 2047.	25,000	25,000

Opportunity Council
Notes to Consolidated Financial Statements
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Note 6 – Notes Payable – (Continued)

	<u>2020</u>	<u>2019</u>
Partnership House Apartments		
Note originating from federal funds, payable to City of Bellingham, accruing interest at 4% compounded annually, secured by real property and improvements, due and payable upon sale, transfer, or change of use of the related property.	\$ 145,000	\$ 145,000
Accrued interest on the City of Bellingham note above.	137,444	137,444
Note originating from federal funds, payable to City of Bellingham, 0% stated interest rate, secured by Deed of Trust, due in full upon sale, change of use, or on October 1, 2047.	3,854	3,854
Vehicle loans		
Note payable to Toyota Financial Services with monthly installments of \$259, including 0% interest, paid in full in 2020, secured by a purchased vehicle.	-	2,590
	<u>5,732,102</u>	<u>5,464,026</u>
Less unamortized debt issuance costs	(36,368)	(37,979)
Less current portion of notes payable	<u>(128,589)</u>	<u>(89,481)</u>
	<u>\$ 5,567,145</u>	<u>\$ 5,336,566</u>

Scheduled future minimum annual principal payments regarding notes payable are as follows for the years ending December 31:

2021	\$ 128,589
2022	132,138
2023	135,834
2024	139,681
2025	143,687
Thereafter	<u>5,052,173</u>
	<u>\$ 5,732,102</u>

Note 7 – Line-of-Credit

The Council established a revolving line-of-credit with a bank for up to \$500,000. Interest is payable monthly at the Wall Street Journal Published prime rate plus 0% with a rate floor of 4.5% (resulting in a rate of 4.5% at December 31, 2020). At December 31, 2020, there were no outstanding borrowings.

Opportunity Council
Notes to Consolidated Financial Statements
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Note 8 – Payroll Protection Program

On April 13, 2020, the Council received a loan from Heritage Bank in the amount of \$1,500,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the SBA. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Council fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

The Council applied for and received forgiveness of the loan on February 3, 2021 and recognized the loan balance as contribution revenue in the consolidated statement of activities as of December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Council's financial position.

Note 9 – Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Housing development	\$ 508,888	\$ 523,688
Early learning and family services	309,494	152,680
Community services	250,226	129,191
Community development projects	185,022	617,045
Administrative activities	133,756	13,688
Island County programs	46,005	26,311
Energy and home repairs services	35,309	38,044
Homeless programs	19,870	41,061
Volunteer programs	15,579	8,942
Subtotal	<u>1,504,149</u>	<u>1,550,650</u>
Forgivable restricted loan balances - depreciable property	2,304,339	1,730,090
Restricted real estate	586,500	586,500
Total net assets subject to purpose and time restrictions	<u>4,394,988</u>	<u>3,867,240</u>
Forgivable restricted loan balances - land	348,630	348,630
Total net assets with donor restrictions	<u>\$ 4,743,618</u>	<u>\$ 4,215,870</u>

Opportunity Council
Notes to Consolidated Financial Statements
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(with Comparative Totals for December 31, 2019)

Note 9 – Net Assets with Donor Restrictions – (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Purpose restrictions	\$ 672,111	\$ 275,416
Time restrictions	82,563	669,063
Total	<u>\$ 754,674</u>	<u>\$ 944,479</u>

Note 10 – In-Kind Contributions

A substantial number of unpaid volunteers have made significant contributions of their time in furtherance of the Council's programs. The value of this contributed time is not included in the accompanying consolidated financial statements as it does not meet the criteria for contributed services in accordance with accounting principles generally accepted in the United States of America. Management has estimated the fair value of these services at \$720,232 and \$839,474 for the years ended December 31, 2020 and 2019, respectively.

Following is a summary of in-kind contributions that have been recognized in the consolidated financial statements for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Rental space	<u>\$ 221,485</u>	<u>\$ 146,591</u>

The Council also received noncash contributions of securities totaling \$15,794 and \$11,727 during the years ended December 31, 2020, respectively. The noncash contributions are included in contributions on the consolidated statement of activities.

Note 11 – Employee Benefits

The Council sponsors a 403(b) qualified defined contribution retirement plan (the Plan). All employees are eligible to participate in the Plan at time of hire and may contribute up to 100% of their annual compensation up to Internal Revenue Service limits. After one year of employment, the Council also contributes an amount equal to 5% of the compensation of all eligible employees to the Plan. The Council's retirement plan contributions totaled \$524,164 and \$460,748 for the years ended December 31, 2020 and 2019, respectively.

Opportunity Council
Notes to Consolidated Financial Statements
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Note 12 – Lease Commitments

The Council leases equipment and facilities from various third parties under operating leases with varying terms and renewal options. These leases require monthly payments ranging from \$50 to \$9,488, plus all costs of maintenance, utilities, and taxes.

Future minimum lease payments under the above operating leases consist of the following for the years ending December 31:

2021	\$ 360,900
2022	255,030
2023	218,150
2024	220,140
2025	181,770
Thereafter	277,330
	<u>\$ 1,513,320</u>

The Council also has operating leases for meal sites for its congregate meal program as well as off-site storage space and retail space. The total rent paid including the aforementioned long-term leases, totaled \$1,139,119 and \$1,036,369 for the years ended December 31, 2020 and 2019, respectively.

Note 13 – Contingencies

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Any disallowed claims, including amounts already collected, would become a liability of the Council if so determined in the future. It is management’s belief that no material amounts received or receivable will be required to be returned in the future.

Property and equipment acquired in conjunction with grant programs are recorded as net assets without donor restrictions in the accompanying consolidated financial statements. Grantors have, in many cases, placed restrictions on the Council’s disposition of such assets. These restrictions may include a requirement that the Council obtains express approval for the sale or disposition of the asset, or that the grantor may require that any proceeds from the sale of such assets be returned to the granting agency. At the granting agency’s option, the Council may be permitted to apply the proceeds from the sale of a program asset toward other program expenditures or may demand repayment. A significant portion of the Council’s equipment is subject to such restrictions.

Opportunity Council
Notes to Consolidated Financial Statements
December 31, 2020
(with Comparative Totals for December 31, 2019)

Note 14 – Concentrations of Credit Risk

The Council receives a substantial amount of support from federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, may affect the Council's ability to continue its operation.

The Council maintains its cash in bank accounts that may exceed federally insured limits as times during the year. The Council has not experienced any losses in these accounts, and managements does not believe it is exposed to any significant credit risk.

Note 15 – Affiliates

The Council, through solely owned limited liability companies, manages 34 LLCs and 6 LPs. According to the terms of the management agreements for these entities, the Council is to receive the following:

- Annual administrative management fees ranging from \$5,000 – \$10,000.
- Profit and losses from operations and low-income tax credits are allocated 99 – 99.99% to the non-managing member or partner, 0.005 – 0.5% to the administrative member or partner, and 0.005 – 0.5% to the managing member or partner.

The total amount of revenue generated by the Council affiliates totaled \$1,632,022 and \$1,055,588 for the years ended December 31, 2020 and 2019, respectively, and included in fee for service revenue on the statement of activities. While the Council has an economic interest in these affiliate organizations, it does not have a controlling interest. Therefore, the operations of the affiliates are not consolidated in the financial statements of the Council.

See Appendix I for a list of affiliates.

During 2020, an affiliate, Springtree Associates, LP (the Partnership), purchased Springtree Apartments in Portland, Oregon and launched a rehabilitation project. The Council was awarded two grants from the State of Oregon Housing and Community Services Department for \$5,000,000 and \$166,972. These funds are restricted for eligible costs related to the acquisition and rehabilitation of Springtree Apartments. The grants were conveyed to the Partnership in a lump sum loan totaling \$5,166,972 of which \$5,000,000 was received by the Council and disbursed to escrow as of December 31, 2020. The remaining balance of \$166,972 is reflected on the statement of financial position as an amount due to affiliate and due from granting agencies. As of December 31, 2020, eligible costs incurred totaled \$2,369,172 resulting in remaining funds held in escrow totaling \$2,630,828. This balance is included in deferred revenue on the statement of financial position as of December 31, 2020.

Opportunity Council
Notes to Consolidated Financial Statements
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Note 16 – Impact of Accounting Method Change

The Financial Accounting Standards Board (FASB) issued new guidance that created Topic 606, *Revenue from Contracts with Customers*, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The Council adopted the requirements of Topic 606 as of January 1, 2020, utilizing the modified retrospective method of transition and is applying the practical expedient provided in Topic 606 that allows Topic 606 to be applied only to contracts that were not considered substantially complete. Under this method, any cumulative effects of initially applying the new guidance are recognized as an adjustment to net assets on the statement of financial position as of January 1, 2020. The Council did not recognize any adjustments in support and revenue, net assets, or any other financial statement line item as a result of adopting ASC 606 using the modified retrospective method.

Note 17 – Subsequent Events

Except for the creation of the affiliate entities in 2021 as identified in Appendix I, no events have occurred through May 25, 2021, which is the date the consolidated financial statements were available to be issued based on client facts and circumstances, for events requiring recording or disclosure in the consolidated financial statements for the year ended December 31, 2020.

Note 18 – Recent Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which requires lessees to record most leases with terms greater than twelve months on their statement of financial position by recognizing a liability to make lease payments and an asset representing their right to use the asset during the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election, by class of underlying asset, not to recognize the corresponding assets and lease liabilities. Lessee recognition, measurement, and presentation of expenses and cash flows will not change significantly from existing guidance and lessor accounting is largely unchanged. ASU 2016-02 also changes the definition of a lease and requires qualitative and quantitative disclosures that provide information about the amount, timing, and uncertainty of cash flows arising from leases. Application is currently required for annual periods beginning after December 15, 2021. The Council continues to evaluate the impact of the new accounting guidance on its financial statements.

**Opportunity Council
Appendix I: Affiliates
December 31, 2020**

Name of Affiliate	Year of Formation	Managing Member General Partner	Nonmanaging Member(s) Limited Partner	Date of Entry	Ownership Interest	Property	Location
<i>Managed under CreateHousing, LLC</i>							
Wingate Limited Liability Company	1997	Regency Manager, LLC	Regency Investor, LLC	12/1/2006	0.050%	Regency Park Apartments	Whatcom County, WA
Double X Associates 1995 Limited Partnership	1995	Double X Development Company, Inc.	Terrace Investor, LLC	11/1/2009	0.500%	Terrace Manor	Douglas County, WA
Westfair Limited Liability Company	1997	Westfair Manager, LLC	Cedar Ridge Investor, LLC	11/1/2009	0.050%	Cedar Ridge	King County, WA
Park Place 1998, LLC	1997	Park Place 1198 Manager, LLC	Park Place Investor, LLC	11/1/2009	0.050%	Park Place	King County, WA
Admiralty Heights Associates II 1995, LP	1995	Admiralty Equities Development Company	Edison Capital Housing Partners VI, LP	10/1/2009	0.500%	Kent Manor	King County, WA
Block 24, LLC	2009	Discovery Heights, LLC	Discovery Heights Housing, LLC	12/1/2010	0.010%	Discovery Heights	King County, WA
Willow Tree Grove I, LLC	2010	Willow Tree Manager, LLC	Garnet LIHTC Fund XXXIX, LLC and Transamerica Affordable Housing, Inc.	8/1/2011	0.005%	Willow Tree Grove	Snohomish County, WA
District, LLC	2012	District Manager, LLC	Enterprise Housing Partners XXV LP	5/13/2013	0.005%	The District Apartments	Snohomish County, WA
Speedway, LLC	2012	Speedway Management, LLC	Garnet LIHTC Fund XXXVI, LLC and Transamerica Affordable Housing, Inc	12/1/2013	0.005%	Vantage Apartments	Snohomish County, WA
Park 16, LLC	2012	Park 16 Manager, LLC	BF Park 16, LLC	12/1/2013	0.005%	Park 16 Apartments	King County, WA
Kitts Corner, LLC	2012	Kitts Corner Manager, LLC	Boston Financial Institutional Tax Credits XLI, LP and BFIM Special Limited Partner, Inc.	9/12/2014	0.005%	Kitts Corner Apartments	King County, WA
High Point 320, LLC	2013	High Point Manager, LLC	BFMM Tax Credits Fund IV, LP and BFIM Special Limited Partner, Inc.	9/11/2014	0.005%	Uptown Square	King County, WA
Axis Apartments, LLC	2013	Axis Manager, LLC	BF Axis Apartments, LLC and BFIM Special Limited Partner, Inc.	10/15/2014	0.005%	Axis Apartments	Snohomish County, WA
Grandview Apartments, LLC	2013	GrandView Manager, LLC	Garnet LIHTC Fund XLIV, LLC and Transamerica Affordable Housing, Inc.	9/1/2014	0.005%	GrandView Apartments	King County, WA
Scriber Creek, LLC	2014	Scriber Creek Manager, LLC	Enterprise Housing Partners XXV LP and Enterprise Housing Partners XXVII LP	3/2/2015	0.005%	Scriber Creek Apartments	Snohomish County, WA
Promenade Apartments, LLC	2014	Promenade Manager, LLC	Enterprise Housing Partners XXVI LP	2/24/2016	0.005%	Promenade Apartments	King County, WA
Gateway, LLC	2015	Gateway Manager, LLC	Boston Financial Institutional Tax Credits XLIII, LP and BFIM Special Limited Partner, Inc.	12/1/2015	0.005%	Gateway Apartments	Snohomish County, WA
Madison Way Apartments, LLC	2015	Madison Management, LLC	PNC Real Estate Tax Credit Capital Institutional Fund 61, LLC and Columbia Housing SLP Corporation	5/1/2016	0.005%	Madison Way Apartments	Snohomish County, WA
Kingsgate, LLC	2001	Kingsgate Manager, LLC	Springfield Investor, LLC	11/15/2016	0.005%	Springfield Apartments	Clark County, WA
Puget Park, LLC	2016	Puget Park Manager, LLC	BF Puget Park, LLC and BFIM Special Limited Partner, Inc.	12/1/2016	0.005%	Puget Park Apartments	Snohomish County, WA
Valley View I Limited Partnership	2004	Valley View Partners, LLC	SunAmerica Housing Fund 1279, LP	4/27/2017	0.050%	Creston Point	King County, WA
Mill Pointe Limited Partnership	1999	Mill Pointe Devco, LLC	Mill Pointe Investor, LLC	5/25/2017	0.005%	Mill Pointe Apartments	Snohomish County, WA
Heatherwood I, LLC	2002	Heatherwood Manager, LLC	Heatherwood Investor, LLC and DevCo, Inc	12/1/2017	0.005%	Heatherwood Apartments	Snohomish County, WA
The Seasons I, LLC	2006	The Seasons Managing Member, LLC	The Seasons Managing Member, LLC	9/22/2017	0.001%	The Seasons	King County, WA
Waterview Crossing, LLC	2015	Waterview Manager, LLC	BF Waterview Crossing, LLC and BFIM Special Limited Partner, Inc.	8/1/2017	0.005%	Waterview Crossing	King County, WA
Watermark 320, LLC	2016	Watermark Manager, LLC	LIHTC Fund 53, LLC and Transamerica Affordable Housing, Inc.	12/1/2017	0.005%	Watermark Apartments	King County, WA
Redmond Ridge, LLC	2017	Redmond Ridge Manager, LLC	PNC LIHTC Fund 75, LLC and Columbia Housing SLP Corporation	10/10/2017	0.005%	Redmond Ridge Apartments	King County, WA
Panorama Apartments, LLC	2017	Panorma Manager, LLC	Panorama Apartments Investor, LLC	5/1/2018	0.005%	Panorama Apartments	King County, WA
Manor Way Apartments, LLC	2017	Manor Way Manager, LLC	Manor Way Apartments Investor, LLC	11/1/2018	0.005%	Manor Way Apartments	Snohomish County, WA

**Opportunity Council
Appendix I: Affiliates (Continued)
December 31, 2020**

Name of Affiliate	Year of Formation	Managing Member General Partner	Nonmanaging Member(s) Limited Partner	Date of Entry	Ownership Interest	Property	Location
22 North Development LLC	2016	22 North Manager, LLC	Heritage Bank Fund I, LLC	10/18/2017	0.010%	22 North	Whatcom County, WA
Beacon @ Ferndale, LLC	2018	George Kenneth Alameda, trustee of the George Kenneth Alameda Exempt Trust	Lawrence G. Alameda Non-Exempt Trust, George Kenneth Alameda Non-Exempt Trust, Linda M. Frank Non-Exempt Trust, Lawrence G. Alameda Exempt Trust (the Alameda Family Trusts)	1/1/2018	0.050%	Beacon Manor Apartments	Whatcom County, WA
Teal Pointe Wishrock Limited Partnership	2018	Teal Pointe Wishrock, LLC and OC Housing Partners I, LLC	Teal Pointe Wishrock, LLC	10/1/2018	0.010%	Teal Pointe Apartments	Clark County, WA
Riverview I, LLC	2017	Riverview Manager, LLC	Riverview Investor, LLC	3/1/2019	0.005%	Riverview Apartments	Snohomish County, WA
Ravenswood Apartments, LLC	2018	Ravenswood Manager, LLC	Ravenswood Investor, LLC	12/1/2019	0.005%	Ravenswood Apartments	Snohomish County, WA
Speedway II, LLC	2019	Speedway II Management, LLC	Garnet LIHTC Fund XX, LLC and Transamerical Affordable Housing, Inc.	12/1/2019	0.005%	Vantage II Apartments	Snohomish County, WA
Holly Ridge, LLC	2018	Holly Ridge Manager, LLC	Holly Ridge Investor, LLC	4/1/2020	0.005%	Holly Ridge Apartments	Snohomish County, WA
Manor Way Apartments, LLC	2017	Manor Way Manager, LLC	BF FRE 2018, LP	7/1/2020	0.005%	Manor Way Apartments	Snohomish County, WA
Four Corners, LLC	2019	Four Corners Manager, LLC	Four Corners Investor, LLC	12/9/2020	0.005%	Four Corners Apartments	Snohomish County, WA
Springtree Associates, LP	2019	OCHP Springtree, LLC and Springtree WDP LLC	PNC LIHTC Fund 76, LLC, Columbia Housing SLP Corporation, and Springtree Partners, LLC	10/29/2020	0.005%	Spruce Grove Apartments	Multnomah County, OR
Northridge I, LLC	2016	Loren Ness, Jennifer Ness, and OCHP Northridge, LLC	n/a	12/30/2020	0.010%	Valley Manor Apartments	Douglas County, WA
Blackbird & Main Managers, LLC	2020	Blackbird & Main Managers, Wishcamper Development Partners, LLC and OCHP Blackbird, LLC	n/a	3/4/2021	0.010%	Blackbird & Main Managers, LLC	Washington County, OR
Oregon 4 Apartments, LLC	2020	Oregon 4 Manager, LLC	OCHP Covey Run, LLC	3/1/2021	0.010%	Covey Run Apartments	Washington County, OR
Sunshine Housing Associates, LP	2018	OCHP Sunshine Park, LLC and Sunshine Managers LLC	AHP Housing Fund, 286, LLC	5/14/2021	0.005%	Sunshine Park Apartments	Douglas County, OR
Logan Park	2020	Loren Ness, Jennifer Ness, and OCHP Logan Park, LLC	n/a	4/30/2021	0.010%	Logan Park Apartments	Skagit County, WA

Supplementary Information

**Opportunity Council
Schedule of Expenditures of State Awards
Year Ended December 31, 2020**

Pass-Through Grantor/Program Title	Pass-Through Grantor's Number	State Expenditures
Passed-Through Department of Early Learning		
Early Childhood Education and Assistance Program (ECEAP)	20-1092	\$ 1,106,150
Early Childhood Education and Assistance Program (ECEAP)	21-1055	847,546
Total Department of Early Learning		<u>1,953,696</u>
Passed-Through Washington State Department of Commerce		
Early Learning Central Commercial Kitchen	20-96624-205	50,440
Center for Childcare Retention and Expansion (CCRE)	21-21403-001	77,073
FCS Community Behavioral Health Rental Assistance Pilot (CRBRA)	20-46123-012	140,069
Consolidated Homeless Grant	20-46108-25	87,690
Operating, Maintenance, and Supportive Services (OMS)	21-46131-09	80,447
Asset Building	S20-32010-009	17,631
Low-Income Home Rehabilitation Revolving Loan Program (HRLP)	S19-92402-424	48,997
Matchmaker Program	S20-92401-424	53,628
Matchmaker Program	S19-92401-424	269,886
Lead Remediation Program	S18-92403-424	30,856
Complete Census Count	201911010	24,391
Community Energy Challenge	137243 G004132	487,710
Recovery House State Capital Funds	18-96617-222	648,817
Community Services Block Grant	S20-32101-222	57,523
Total Washington State Department of Commerce		<u>2,075,158</u>
Passed-Through State of Washington Office of Insurance Commissioner		
SHIBA Volunteer Program	C202108	37,956
Total State of Washington Office of Insurance Commissioner		<u>37,956</u>
Total State Awards		<u>\$ 4,066,810</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Opportunity Council
Bellingham, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Opportunity Council, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 25, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Opportunity Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Opportunity Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Opportunity Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Opportunity Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Bellevue, Washington
May 25, 2021



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Opportunity Council
Bellingham, Washington

Report on Compliance for Each Major Federal Program

We have audited Opportunity Council's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Opportunity Council's major federal programs for the year ended December 31, 2020. Opportunity Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Opportunity Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Opportunity Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Opportunity Council's compliance.

Opinion on Each Major Federal Program

In our opinion, Opportunity Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of Opportunity Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Opportunity Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Opportunity Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Bellevue, Washington
May 25, 2021

**Opportunity Council
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of Auditors' Report Issued Unmodified

Internal Control over Financial Reporting:

- Material Weakness(es) Identified Yes X No
- Significant Deficiency(ies) Identified that is not Considered to be a Material Weakness Yes X None Reported
- Noncompliance Material to Financial Statements Noted Yes X No

Federal Awards

Internal Control over Major Programs:

- Material Weakness(es) Identified? Yes X No
- Significant Deficiency(ies) Identified? Yes X None Reported

Type of Auditors' Report Issued on Compliance for the Major Federal Programs Unmodified

Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)? Yes X No

Major Programs

Federal Grant Programs CFDA Number

Department of Housing and Urban Development:
Community Development Block Grant 14.218
Department of Health and Human Services:
Low Income Home Energy Assistance Program 93.568
Department of Treasury:
Coronavirus Relief Fund 21.019

The Dollar Threshold used to Distinguish Between Type A and Type B Programs: \$ 750,000

Auditee Qualified as Low-Risk Auditee? X Yes No

Opportunity Council
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

**Opportunity Council
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Health and Human Services</u>					
Head Start	93.600	10CH018305			\$ 3,524,698
Passed Through the Washington State Department of Early Learning: ESSA/Preschool Development Grants Birth to Five	93.434	0-110-201120-0927-6100			16,850
Child Care and Development Block Grant	93.575	0-110-201120-6110			1,724,255
Child Care and Development Block Grant	93.575	20-1033			155,171
					<u>1,879,426</u>
Department of Commerce: Community Services Block Grant	93.569	F19-32101-022			136,058
Community Services Block Grant	93.569	F20-32101-022			246,389
Community Services Block Grant	93.569	F20-32101C-022			34,432
					<u>416,879</u>
Temporary Assistance for Needy Families	93.558	S20-32710-309			13,383
Temporary Assistance for Needy Families	93.558	S20-32710-009			252,639
					<u>266,022</u>
Low-Income Home Energy Assistance Program	93.568	19-32606-078			607,856
Low-Income Home Energy Assistance Program	93.568	20-32606-078			909,885
Low-Income Home Energy Assistance Program	93.568	20-3260C-078			787,181
Low-Income Home Energy Assistance Program	93.568	F19-53101-424			579,892
					<u>2,884,814</u>
Whatcom County: Block Grants for Prevention and Treatment of Substance Abuse	93.959	201706013-4			46,915
					<u>9,035,604</u>
<u>Centers for Medicare and Medicaid Services</u>					
Passed Through the Washington State Medical Assistance Program	93.778	K3896			4,808
					<u>4,808</u>
<u>Total Centers for Medicare and Medicaid Services</u>					
					<u>4,808</u>

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Energy</u>					
Passed Through the Washington State Department of Commerce:					
Weatherization Assistance for Low Income Persons	81.042	F18-53103-705			98,094
Weatherization Assistance for Low Income Persons	81.042	F19-53103-705			235,749
Weatherization Assistance for Low Income Persons	81.042	F19-53103-424			236,271
Weatherization Assistance for Low Income Persons	81.042	F19-53104-424			82,937
Total Department of Energy					653,051
<u>Department of Agriculture</u>					
Child and Adult Care Food Program	10.558	SWV000724400			310,125
Child and Adult Care Food Program	10.558	37-02-0118-19			56,901
Child and Adult Care Food Program	10.558	37-02-0118-20			11,660
					<u>378,686</u>
Passed Through Washington State Department of Social and Health Services:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1912-63578			43,221
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2012-94102			12,122
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1912-63579			18,878
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2012-94103			6,900
					<u>81,121</u>
Passed Through WithinReach:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1912-64581-13			27,840
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	1912-64581-14			46,747
					<u>74,587</u>
Total Department of Agriculture					534,394

Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Housing and Urban Development</u>					
Supportive Housing Program	14.235	WA0299LOT011804			140,806
Continuum of Care	14.267	WA0299LOT011905			136,378
Continuum of Care	14.267	WA0368LOT011802			59,413
Continuum of Care	14.267	WA0393LOT011903			54,732
Continuum of Care	14.267	WA0393LOT011801			28,329
Continuum of Care	14.267	WA0393LOT011902			51,013
Continuum of Care	14.267	WA0229LOT011807			301,732
Continuum of Care	14.267	WA0229LOT011908			102,388
					<u>733,985</u>
Passed Through the Washington State Department of Commerce:					
Home Investment Partnership Program - Loan	14.239	Loan 2019 balance			1,177,409
Passed Through Whatcom County:					
Community Development Block Grant	14.228	201801008			62,299
Community Development Block Grant	14.228	201908017			156,131
Community Development Block Grant	14.228	202009144			41,768
Community Development Block Grant -- Loan	14.228	Loan 2019 balance			633,950
Community Development Block Grant -- Loan	14.228	Loan 2020 loans			65,951
					<u>960,099</u>
Passed Through Skagit County:					
Community Development Block Grant Rural Rehab	14.228	C20180510/C20180511			2,448
Home Investment Partnership Program	14.239	C20180424			30,555
Home Investment Partnership Program	14.239	C20200005			77,877
Home Investment Partnership Program	14.239	C20200004			43,702
					<u>152,134</u>

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Housing and Urban Development (Continued)</u>					
Home Investment Partnership Program	14.239	2017-0408			71,523
Home Investment Partnership Program	14.239	2020-0408			121,699
Home Investment Partnership Program - Loan	14.239	Loan 2019 balance			683,080
Home Investment Partnership Program - Loan	14.239	Loan 2019 balance			344,212
Home Investment Partnership Program - Loan	14.239	Loan 2019 balance			502,000
Home Investment Partnership Program - Loan	14.239	Loan 2019 balance			150,000
					<u>1,872,514</u>
Community Development Block Grant	14.218	2019-0370			293,167
Community Development Block Grant -- Loan	14.218	Loan 2019 balance			32,642
Community Development Block Grant -- Loan	14.218	Loan 2019 balance			794,833
					<u>1,120,642</u>
Total Department of Housing and Urban Development					<u>6,160,037</u>
<u>Department of Education</u>					
Passed Through the Washington State Department of Children, Youth, and Families:					
Special Education - Grants for Infants and Families - Early Intervention Program	84.181A	20-1123			173,280
Special Education - Grants for Infants and Families - Early Intervention Program	84.181A	21-1158-01			415,264
					<u>588,544</u>
Total Department of Education					<u>588,544</u>
<u>Department of Veterans Affairs</u>					
Supportive Services for Veteran Families	64.033	19-WA-079		See end of SEFA for subrecipient detail	1,395,823
Total for Department of Veterans Affairs					<u>1,395,823</u>
<u>Department of Homeland Security</u>					
Emergency Food and Shelter National Board Program	97.024	LRO #894000-001			14,000
Total for Department of Homeland Security					<u>14,000</u>

**Opportunity Council
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Identification Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<u>Department of Treasury</u>					
Passed Through Washington State Department of Commerce:					
Coronavirus Relief Fund	21.019	21-4614C-130			2,428,753
Coronavirus Relief Fund	21.019	21-4614C-122			177,464
Coronavirus Relief Fund	21.019	20-32566-078			868,953
					<u>3,475,170</u>
Passed Through Whatcom County:					
Coronavirus Relief Fund	21.019	202008033			6,895
Coronavirus Relief Fund	21.019	202007028			35,676
Coronavirus Relief Fund	21.019	202012023			18,000
Coronavirus Relief Fund	21.019	202008023			261,170
Coronavirus Relief Fund	21.019	201611024			106,674
					<u>428,415</u>
Passed Through Island County:					
Coronavirus Relief Fund	21.019	HS-05-2020			853,376
Coronavirus Relief Fund	21.019	HS-02-2020			1,102,353
					<u>1,955,729</u>
Passed Through Skagit County:					
Coronavirus Relief Fund	21.019	C20200521			254,522
					<u>254,522</u>
Total Department of Treasury					<u>6,113,836</u>
Total Federal Awards					<u>\$ 24,500,097</u>
<u>Subrecipient Information</u>					
Supportive Services for Veteran Families	64.033	19-WA-079	037991593 157877564	30,620 359,880 <u>390,500</u>	<u>\$ 1,395,823</u>

Opportunity Council
Notes to Schedule of Expenditures of Federal Awards
December 31, 2020

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Council under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of CFDA 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Costs

The accompanying schedule of expenditures of federal awards includes indirect costs, calculated at 12% of modified total direct federal expenditures.

Note 4 – Programs that Include Federal and State Funds

The Community Development Block Grant #2019-0370 is funded by both federal and state funding. The program expenditures are tracked as a program with no clear allocation of the funding source. For purposes of the Schedule, the amount reported under this grant includes state funding.

Opportunity Council
Notes to Schedule of Expenditures of Federal Awards
December 31, 2020

Note 5 – Federal Loans

The federal loan programs listed subsequently are administered directly by Opportunity Council, and balances and transactions relating to these programs are included in Opportunity Council’s basic consolidated financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balance of loans outstanding at December 31, 2020 consists of:

	<u>CFDA Number</u>	<u>Amount Outstanding End of Year</u>	<u>Amount Outstanding Beginning of Year</u>
U.S. Department of Housing and Urban Development			
Passed Through the Washington State Department of Commerce:			
Home Investment Partnership Program	14.239	\$ 1,177,409	\$ 1,177,409
Passed Through Whatcom County:			
Community Development Block Grant	14.238	699,901	633,950
Passed Through City of Bellingham:			
Home Investment Partnership Program	14.239	683,080	683,080
Home Investment Partnership Program	14.239	344,212	344,212
Home Investment Partnership Program	14.239	502,000	502,000
Home Investment Partnership Program	14.239	150,000	150,000
Home Investment Partnership Program	14.218	32,642	32,642
Home Investment Partnership Program	14.218	794,833	794,833
Total		<u>\$ 4,384,077</u>	<u>\$ 4,318,126</u>